

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;  
Tony Hammond, Vice Chairman;  
Mark Acton;  
Ruth Y. Goldway; and  
Nanci E. Langley

Periodic Reporting  
(Proposal Eight)

Docket No. RM2015-17

NOTICE OF PROPOSED RULEMAKING ON  
ANALYTICAL PRINCIPLES USED IN PERIODIC REPORTING  
(PROPOSAL EIGHT)

(Issued August 12, 2015)

I. INTRODUCTION

On August 5, 2015, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate an informal rulemaking proceeding in order to consider changes in analytical principles relating to periodic reports.<sup>1</sup> Proposal Eight is attached to the Petition and proposes an analytical method change related to the avoided costs for 5-Digit pallets Standard Mail Carrier Route flats discounts. Petition at 1.

This Petition was filed in response to Order No. 2472, which directed the Postal Service “to file a proposed methodology for determining the costs avoided for the 5-digit

---

<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Eight), August 5, 2015 (Petition).

pallet presort Standard Mail Carrier Route flats workshare discount, as described in the body of [Order No. 2472], within 90 days of the date of [Order No. 2472].”<sup>2</sup>

## II. SUMMARY OF PROPOSAL

The Postal Service explains that prior to the planned price adjustments in Docket No. R2015-4, the Carrier Route product only afforded customers entry discounts. Petition, Proposal Eight at 1. The Postal Service’s price adjustment in Docket No. R2015-4 introduced a preparation discount on 5-Digit Carrier Route pallets. Proposal Eight seeks to modify the Standard Mail Flats Cost Model to produce estimates of mail processing cost avoidances for Carrier Route pieces on 5-Digit Carrier Route pallets. *Id.* The Petition states that the general architecture of the model is retained, but it is expanded to explicitly model the unique characteristics and flows of Carrier Route flats. *Id.*

The Petition further states that when a commercial mailer has at least 250 pounds of Carrier Route mail destinating in a 5-Digit or 5-Digit Scheme (Labeling List L001) the customer can prepare a Carrier Route pallet. Preparation of a Carrier Route pallet enables the Postal Service to cross-dock the pallet directly to the delivery unit and bypass bundle sortation operations. *Id.* at 1-2.

The structure and methodology used in estimating cost avoidances of Standard Mail Flats provide estimates of costs avoided for pieces prepared on Carrier Route pallets. *Id.* at 2. The Postal Service explains that this model provides engineering cost estimates of bundles and pieces based on the preparation profile of pieces within each rate element. *Id.*

The Postal Service states that as in the model to estimate cost avoidances for Standard Mail Flats, the proposed Carrier Route pallet cost avoidance model’s mail preparation profile is taken from the Mail Characteristics Study in USPS-FY14-14 to account for Carrier Route pieces on Carrier Route pallets and Carrier Route pieces on all other containers. The Postal Service asserts that the Carrier Route data from the Mail

---

<sup>2</sup> Docket No. R2015-4, Order on Revised Price Adjustments for Standard Mail, Periodicals and Package Services Products and Related Mail Classification Changes, May 7, 2015, at 63 (Order No. 2472).

Characteristics Study in USPS-FY14-14 is modified to exclude pieces prepared in FSS bundles. *Id.* The new preparation profile includes only pieces that qualify for Carrier Route rates under the new qualification standards. *Id.*

The Postal Service's methodology used to calculate bundle flow and piece flow are unchanged from the Standard Mail Flats Cost Model.<sup>3</sup> *Id.* However, the Postal Service contends that the proposal amends the flow parameters within the model that are specific to Carrier Route.<sup>4</sup>

### III. INITIAL COMMISSION ACTION

The Commission establishes Docket No. RM2015-17 for consideration of matters raised by the Petition. Additional information concerning the Petition may be accessed via the Commission's website at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Eight no later than September 8, 2015. Reply comments are due no later than September 22, 2015. Pursuant to 39 U.S.C. 505, the Commission designates Nina Yeh to serve as an officer of the Commission (Public Representative) representing the interests of the general public in this proceeding.

---

<sup>3</sup> Including all assumptions, for example the bundle breakage rate.

<sup>4</sup> The Postal Service cites to the Excel files submitted with its petition in Docket No. RM2015-16, USPS-RM2015-16/1, August 5, 2015. *Compare, e.g.,* File STD\_FLATS\_Order 2472.xlsx, tab CR Pallet Model *with* tab 5D Auto Model Rev.

#### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket No. RM2015-17 for consideration of the matters raised by the Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider a Proposed Change in Analytical Principles (Proposal Eight), filed August 5, 2015.
2. Comments are due no later than September 8, 2015. Reply comments are due no later than September 22, 2015.
3. Pursuant to 39 U.S.C. 505, the Commission appoints Nina Yeh to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Ruth Ann Abrams  
Acting Secretary